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TO RUEHC/SECSTATE WASHDC IMMEDIATE 8716  
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RUEHBJ/AMEMBASSY BEIJING IMMEDIATE 4952  
RUEHBY/AMEMBASSY CANBERRA IMMEDIATE 2347  
RUEHNE/AMEMBASSY NEW DELHI IMMEDIATE 1767  
RUEHPB/AMEMBASSY PORT MORESBY IMMEDIATE 3765  
RUEHUL/AMEMBASSY SEOUL IMMEDIATE 4533  
RUEHKO/AMEMBASSY TOKYO IMMEDIATE 1836  
RUEHWL/AMEMBASSY WELLINGTON IMMEDIATE 2553  
RUCNDT/USMISSION USUN NEW YORK IMMEDIATE 0871  
RHEHNSC/NSC WASHDC  
RUEAIIA/CIA WASHDC  
RUEKJCS/SECDEF WASHDC  
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C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 000764

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TAGS: [PREL](#) [PGOV](#) [KDEM](#) [ID](#) [CH](#) [XC](#)  
SUBJECT: A/S HILL'S MEETING WITH PRESIDENT YUDHOYONO

REF: JAKARTA 684

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Classified By: Ambassador Cameron R. Hume, reasons 1.4 (b+d).

11. (C) SUMMARY: In an April 4 meeting, EAP A/S Hill and President Yudhoyono (SBY) engaged in a lively discussion of democracy, Burma and other issues in the Southeast Asian region, and China/Tibet. Yudhoyono and Hill also discussed U.S.-Indonesia bilateral relations, including plans for the Peace Corps to return to Indonesia. END SUMMARY.

STATE OF THE U.S.-INDONESIA BILATERAL RELATIONSHIP

12. (C) A/S Hill met President Yudhoyono on April 4 at the Presidential Palace in Jakarta. FM Wirajuda and Ambassador Hume also joined the meeting. A/S Hill underscored that more work needs to be done with the U.S. Congress to make progress on engagement with Kopassus specifically and TNI more generally, adding that suspicion of TNI remains high in some quarters. SBY said it was essential to change the misunderstandings and misperceptions of Indonesia, which was why he always met CODELS and other visitors. But, Yudhoyono cautioned, Congressional visitors frequently wanted immediate results and failed to recognize the challenges facing Indonesia or the progress that the country had made.

13. (C) A/S Hill told President Yudhoyono that the Peace Corps had decided to return to Indonesia, subject to adequate funding. Peace Corps officials would soon be in touch with the GOI to discuss moving forward with reestablishing the program. The return of the Peace Corps to Indonesia would itself be beneficial, and would serve as a strong signal that Indonesia was now a safe destination for tourism and business travel. SBY welcomed this initiative, and felt it would help bring a real understanding of Indonesia to the United States. A/S Hill also indicated that the Department was looking at revising the travel warning, a sensitive subject in bilateral relations.

BURMA

14. (C) The president also commented on Burmese ruler Than Shwe's disappointing reply to Yudhoyono's recent letter. Than Shwe had merely justified the regime's inaction, placing blame on Aung San Suu Kyi for refusing to cooperate with the regime's efforts to impose its "road map" to democracy. The Burmese ruler had claimed the regime would continue to implement democracy but in a slow step-by-step process. Indicating some frustration with ASEAN's efforts to promote change in Burma, SBY focused his discussion on Indonesian efforts to engage the regime. He asked that the United States pressure China and India into a more active role. Yudhoyono stated it was hard for Indonesia to talk about Burma without Chinese support, since anytime ASEAN tried to push the Burmese, they moved closer to China.

15. (C) A/S Hill commented that China had not provided a way forward on the Burma issue, and stressed that Burma was an emotional issue in the United States. It was critical that ASEAN step up its efforts, while continuing to support UN Special Envoy Gambari. If ASEAN was unable to resolve the matter internally, and Burma continued to marginalize Gambari, it would drive the discussion into the UNSC, where unity would be harder to maintain. However, success on this issue would significantly strengthen ASEAN. A/S Hill urged SBY to work with ASEAN to find a practical way forward in order to avoid harming the U.S.-ASEAN relationship. SBY recommended that A/S Hill discuss these issues with PM Lee of Singapore, the current chair of ASEAN, and indicated he would call Lee to stress this point as well.

#### DEMOCRACY AND OTHER REGIONAL ISSUES

16. (C) Yudhoyono noted that Indonesia sought to promote democracy in the region. Indonesia had been the last ASEAN member to recognize the coup government in Thailand, and had urged a quick return to democracy there. The coup leaders

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had promised not to rule for more than a year, and they had kept this promise.

17. (C) SBY said Philippine President Arroyo had contacted him some time back through her Ambassador in Jakarta to say she had been concerned about a possible military coup in the Philippines. SBY had told Arroyo that Indonesia would not support any undemocratic action against the Philippine Government. SBY told A/S Hill it was important that the Philippines be invited to Organization of the Islamic Conference (OIC) meetings as an observer, as this might be a helpful step in resolving the Mindanao conflict.

18. (C) Yudhoyono said a portion of the Malaysian government still believed that semi-authoritarian rule was appropriate for their country. But the people of Malaysia saw the openness and progress occurring in neighboring Indonesia, which was culturally and ethnically similar, and compared it with media controls and affirmative action for the ethnic Malays in their own country. Malaysia could not continue to oppose reform or it would isolate itself, Yudhoyono stated.

#### CHINA/TIBET

19. (C) After a brief discussion of the Six-Party talks, A/S Hill explained that President Bush planned to honor his promise to attend the Olympics in Beijing. The Olympics were a source of pride for all Chinese, including those who were critical of the government. However, China must stop vilifying the Dalai Lama and be more honest with journalists and diplomats who visited Tibet. SBY said that the rhetoric from China on Tibet sounded the "same as Indonesia's from 20 years ago, when speaking about Aceh," and he wondered whether the Chinese had considered some form of special autonomy as a way to resolve the issue without military intervention. Indonesia had done this in Aceh and Papua, with some success.

#### SBY CONCERNED ABOUT ECONOMY

¶10. (C) Turning to the domestic front, SBY admitted that increasing commodities prices were becoming a challenge economically, socially and politically (reftel). He also said he had learned from his 2005 attempt to cut fuel subsidies: it had taken two years for people's purchasing power to recover. He did not want to repeat this and was therefore looking at subsidies that only the poor would receive. He also planned to reduce total fuel consumption and cut subsidies, while explaining to people that this was increasingly a global phenomenon, not simply an Indonesian problem.

HUME